

REGULATIONS OF THE
BOARD OF PROFESSIONAL LICENSING
FOR
REAL PROPERTY APPRAISER
(Adopted Regs as of 06/08/15)

PART I. GENERAL PROVISIONS

- 1.1 Purpose.** The purpose of these regulations is to comply with applicable federal law, specifically the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and federal institutions, as well as to protect the interests of landowners, financial institutions, appraisers and other interested persons in the Commonwealth of the Northern Mariana Islands (hereafter "CNMI or NMI").
- 1.2 Intent and Effect.** The receipt of a license from the CNMI Board of Professional Licensing does not permit a person to engage in business in the CNMI until such person has complied with any and all applicable laws, rules and regulations and secured all necessary licenses and permits for conducting business in the NMI. It is the intent of these regulations to ensure high standards of professional competence for real property appraisers in the CNMI and to comply with applicable federal statutes and regulations.

Due to scarcity of qualified persons in the CNMI, it is the intent of these regulations to establish two classes of approved real property appraisers:

<u>Non-Federally Related Transactions</u>	<u>Federally Related Transactions</u>
Licensed Real Property Appraiser,	Licensed Real Property Appraiser
Non-Federally Related Transactions	Certified Residential Real
Licensed General Real Property	Property Appraiser
Appraiser, Non-Federally Related	Certified General Real Property
Transactions	Appraiser

The first class of appraisers will qualify to do appraisals in non-federally related real property transactions and will not qualify under federal law and these regulations to perform federally related real property transactions.

The second class of real property appraisers will qualify to perform appraisals in both federally related and non-federally related real property transactions, the difference between licensed and certified status being further defined.

- 1.3 Authority.** The CNMI Board of Professional Licensing (hereafter "Board") has the authority to regulate real property appraisers pursuant to 4 CMC 3101 et seq., including 4 CMC 3108.

PART II. DEFINITIONS

- 2.1 Appraisal Foundation.** The Appraisal Foundation established on November 30, 1987, as a non-for-profit corporation under the laws of Illinois. The Foundation is charged by Title XI with the responsibility of establishing, improving, and promoting minimum uniform appraisal standards and appraiser qualifications criteria.
- 2.2 Appraisal Qualifications Board.** An independent board appointed by the Appraisal Foundation to establish criteria for licensing of appraisers.
- 2.3 Appraiser or Real Property Appraiser.** A CNMI Licensed Residential Real Property Appraiser or a CNMI Licensed General Real Property Appraiser for non-federally related transactions; or a CNMI Licensed General Real property Appraiser, a Certified Residential Real Property Appraiser, or a Certified General Real Property Appraiser for federally related transactions, licensed or certified to engage in the practice of real property appraisal as hereinafter defined.

- 2.4 Appraisal.** The act or process of developing an opinion of value.
- 2.5 Appraisal Assignment.** One or more real estate appraisals and written appraisal reports which are covered by a single contract to provide an appraisal.
- 2.6 Appraisal Consulting.** The act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.
- 2.7 Appraisal Practice.** Valuation services performed by an appraiser, including but not limited to appraisal, appraisal review, or appraisal consulting.
- 2.8 Appraisal Review.** The act or process of developing and communicating an opinion about the quality of another appraiser's work.
- 2.9 Appraisal Subcommittee.** The Appraisal subcommittee of the Federal Financial Institutions Examination Council (FFIEC) was created on August 9, 1989, pursuant to Title XI to oversee the real estate appraisal process as it relates to federally related transactions and monitors the requirements established by each state or territory's appraiser regulatory agency for the licensing and certification of appraisers.
- 2.10 Appraiser Trainee.** A person who has been issued a license to practice as a real property appraiser trainee in the Northern Marianas.
- 2.11 Certified Appraiser.** A CNMI Certified Residential or General Real Property Appraiser for federally related transactions.
- 2.12 Class Hour.** Sixty minutes, of which at least fifty minutes are instruction attended by the student. The prescribed number of class hours includes time devoted to examinations.
- 2.13 Complex One-To Four Family Residential Property Appraisal.** One in which the property to be appraised, market conditions, or form of ownership is atypical and which have a significant value contribution. For example, unusual factors may include but are not limited to:
- (a) Architectural style;
 - (b) Age of improvements;
 - (c) Size of improvements;
 - (d) Size of lot;
 - (e) Neighborhood land use;
 - (f) Potential environmental hazard liability;
 - (g) Leasehold interests;
 - (h) Limited readily available comparable sales data; or
 - (i) Other unusual factors.
- 2.14 Continuing Education.** Education that is creditable toward the education requirements that must be satisfied to renew licensure as a Licensed Real Property Appraiser, Certified Residential Real Property Appraiser, or a Certified General Real Property Appraiser.
- 2.15 Direct Supervision.** To actively and personally review the appraisal report of an appraiser trainee, to accept responsibility for the appraisal, and to sign the report attesting to the acceptance of the appraisal as being independently and impartially prepared and in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).
- 2.16 Distance Education.** Distance education is any education process based on geographical separation of student and instructor. A distance education course acceptable to meet class hour requirement if:
- (1) The course provides interaction. Interaction is a reciprocal environment where the student has verbal or written communications with the instructor; and

(2) Content approval is obtained from AQB, a state licensing jurisdiction, or an accredited college, community college, or University that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. Non-academic credit college courses provided by a college shall be approved by the AQB or the state licensing jurisdiction; and

(3) Course delivery mechanism approval is obtained from one of the following sources:

(i) AQB approved organizations providing approval of course design and delivery; or

(ii) a college that qualifies for content approval in (i) above that awards academic credit for the distance education course; or

(iii) a qualifying college for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity.

2.17 Federally Related Transaction. The term "federally related transaction" means any real estate-related financial transaction which:

(a) A federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and

(b) Requires the services of an appraiser.

2.18 License. The document indicating that the person named thereon has satisfied all requirements for licensure as a CNMI licensed or certified appraiser for federally or non-federally related transactions.

2.19 Licensed Appraiser. Licensed Residential Real Property Appraiser or a Licensed General Real Property Appraiser for non-federally related transactions; or a Licensed Real Property Appraiser for federally related transactions.

2.20 Market Analysis. A study of market conditions for a specific type of property.

2.21 Market Value. A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

2.22 Mass Appraisal. The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.

2.23 Non-Federally Related Real Estate Transaction. Any transaction, which does not meet the definition of a federally related transaction.

2.24 Personal Property. Identifiable tangible objects that are considered by the general public as being "personal" - for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.

2.25 Practice of Real Property Appraisal.

(A) A profession which engages in real property appraisal activity for federally or non-federally related transactions, for a fee or other valuable consideration, by preparing independent and impartial written or oral statements setting forth an opinion as to the value of an adequately described property as of a specified date(s), supported by the presentation and analysis of relevant market information prepared in conformity with the USPAP, as amended.

(B) A person is considered to practice or offer to practice real property appraisal, within the meaning and intent of the law and the rules and regulations, who practices

the profession of real property appraisal or who, by verbal claim, sign, advertisement, letterhead, card or in any other way represents themselves to be a real property appraiser or through the use of some other title, implies that they are a real property appraiser, or that they are licensed or certified under the law or holds themselves out as able to perform or who does perform any real property appraisal service work, or any other service designated by the practitioner which is recognized as real property appraisal.

- 2.26 Probation.** A condition placed upon an individual's practice that obligates they meet various conditions and further demonstrates that they have maintained a satisfactory performance in their practice over a specific period of time.
- 2.27 Qualifying Education.** Education that is creditable toward the education requirements for initial licensure under one or more of the three real property appraiser classifications.
- 2.28 Real Property.** The interests, benefits, and rights inherent in the ownership of real estate.
- 2.29 Real Property-Related Financial Transaction.** Any transaction involving:
- (a) The sale, lease, purchase, investment in, or exchange of real property, including interests in property, or the financing thereof; or
 - (b) The refinancing of real property or interests in real property; or
 - © The use of real property or interests in real property as security for a loan or investment, including mortgage-backed securities.
- 2.30 Real Estate.** An identified parcel or tract of land, including improvements, if any.
- 2.31 Report.** Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.
- 2.32 Residential Property.** Any parcel of real property, improved or unimproved, that is utilized for one-to-four family purposes and where the highest and best use is for one-to-four family purposes. A residential unit in a condominium, townhouse or cooperative complex is considered to be residential real property. Residential property does not include subdivisions wherein a development analysis or appraisal is necessary or utilized.
- 2.33 Reinstate or Reinstatement.** The granting of permission to perform appraisal work by the Board to a person whose license or certificate has been previously suspended.
- 2.34 Revocation.** A termination of a license to practice. Such action should require that the licensee surrender any and all license or wallet-size card issued by the Board. In order for a licensee to reinstate a license that has been revoked, the licensee is required to apply as a new applicant.
- 2.35 Suspension.** A suspension terminates a license privileges for a limited time. The license may be reinstated after the licensee fulfilled conditions imposed by the Board.
- 2.36 Temporary Appraiser's License.** A license for one specific appraisal assignment, issued to a Licensed or Certified appraiser not residing in the CNMI or who has no established business in the CNMI.
- 2.37 Tract Development.** A project of five units or more that is constructed or is to be constructed as a single development. A tract development may be units in a subdivision, condominium project, time-share project, or any similar project meant to be sold as individual units over a period of time. A project is deemed to be a tract development whether it currently is or is intended to sell as a single development.

- 2.38 Uniform Standards of Professional Appraisal Practice or USPAP.** Standards of appraisal practice developed by the Appraisal Standards Board (ASB) of the Appraisal Foundation.
- 2.39 Value.** The monetary relationship between properties and those who buy, sell, or use those properties.
- 2.40 Years of Experience.** A year is defined in terms of hours within a calendar year. One thousand (1,000) hours constitutes a year of appraisal experience.

PART III. POWERS AND DUTIES OF THE BOARD

- 3.1 Powers and Duties of the Board.** In addition to those powers and duties specifically enumerated by law, the Board shall have the following powers and duties:
- (a) To grant, deny, suspend, revoke, place on probation, renew, or refuse to renew permission to practice as a Licensed or Certified real property appraiser in the CNMI;
 - (b) To adopt, amend, or repeal rules and/or regulations as necessary to effectuate fully the law;
 - (c) To enforce the law and rules and regulations adopted pursuant thereto;
 - (d) To discipline a real estate appraiser to any cause prescribed by law or for any violation of the rules and regulations and refuse to grant a person permission to practice as a real property appraiser for any cause that would be grounds for disciplining a real property appraiser;
 - (e) To act as the designated representative of the CNMI to exempt, waive or implement the requirements of 12 U.S.C. §3301 et seq.;
 - (f) To revoke or suspend the permission to practice as an appraiser or otherwise condition the scope of the license of the appraiser for any violation of the law or these regulations;
 - (g) To impose continuing education requirements as a prerequisite to renewal of a license, as necessary;
 - (h) To issue an annual statement describing the receipts and expenditures in the administration of these regulations during each fiscal year;
 - (i) To compel the attendance of witnesses and production of books, documents, records, and other papers; to administer oaths; and to take testimony and receive evidence concerning all matters within their jurisdiction. These powers may be exercised directly by the Board or the Board's authorized representative acting by authority of law;
 - (j) To contract with qualified persons, including attorneys, hearing officers, accountants, investigators, and other necessary personnel to assist the Board in exercising the Board's powers and duties;
 - (k) To contract with a professional testing agency to develop and administer examinations;
 - (l) To do all other things necessary to carry out the provisions of these regulations and to meet the requirements of federal law where necessary regarding licensing of appraisers that the Board determines are appropriate for Licensed and Certified appraisers in the CNMI.

PART IV. REQUIREMENTS FOR LICENSURE

- 4.1 Requirements for Licensure.** It shall be unlawful for an individual who is not licensed in the CNMI to prepare or hold oneself out as being able to prepare an appraisal in connection with a real property related transaction. It shall be unlawful for a

person with one class of license to perform an appraisal requiring a different class of license.

4.2 General Requirements. All applicants for a license shall possess a reputation for honesty, trustworthiness, fairness, and financial integrity; meet educational and experience requirements; and shall pass an examination approved by the Appraiser Qualifications Board of the Appraisal Foundation and not have been convicted of or pled guilty or nolo contendere to, a felony in a domestic or foreign court during the five year period immediately preceding the date of the application for licensing or certification, or at any time preceding the date of application, if such felony involved an act of fraud, dishonestly, or a breach of trust, or money laundering. Applicants for the non-federally related appraiser license must take and pass the local appraisal examination as part of the requirement.

4.3 Requirements for Real Property Appraiser, Federally Related Transactions. All applicants for a Real Property Appraiser license must meet the following requirements:

A. Education.

1. Class Hour.
 - a. A class hour is 60 minutes, of which at least 50 minutes are instruction attended by the student. The prescribed number of class hours includes time devoted to examinations which are considered to be part of the course.
2. Credit for the class hour requirement may be obtained only from the following institutions:
 - a. Colleges or Universities
 - b. Community or Junior Colleges
 - c. Real Estate Appraisal or Real Estate Related Organizations
 - d. State or Federal Agencies or Commissions
 - e. Proprietary Schools
 - f. Providers approved by the Board
 - g. AQB approved course providers
3. AQB Guidance for Curriculum Content.

Basic Appraisal Principles - 30 Hours

 - A. Real Property Concepts and Characteristics
 1. Basic Real Property Concepts
 2. Real Property Characteristics
 3. Legal Description
 - B. Legal Consideration
 1. Forms of Ownership
 2. Public and Private Controls
 3. Real Estate Contracts
 4. Leases
 - C. Influences on Real Estate Values
 1. Governmental
 2. Economic
 3. Social
 4. Environmental, Geographic and Physical
 - D. Types of Value
 1. Market Value
 2. Other Value Types
 - E. Economic Principles
 1. Classical Economic Principles
 2. Application and Illustration of the Economic Principles
 - F. Overview of Real Estate Markets and Analysis

1. Market Fundamentals, Characteristics and Definitions
2. Supply Analysis
3. Demand Analysis
4. Use of Market Analysis

G. Ethics and How They Apply in Appraisal Theory and Practice

Basic Appraisal Procedures - 30 Hours

- A. Overview of Approaches to Value
- B. Valuation Procedures
 1. Defining the Problem
 2. Collecting and Selecting Data
 3. Analyzing
 4. Reconciling and Final Value Opinion
 5. Communicating the Appraisal
- C. Property Description
 1. Geographic Characteristics of the Land/Site
 2. Geologic Characteristics of the Land/Site
 3. Location and Neighborhood Characteristics
 4. Land/Site Considerations for Highest and Best Use
 5. Improvements - Architectural Styles and Types of Construction
- D. Residential Applications

15-Hour National USPAP Course or its Equivalent - 15 Hours

- A. Preamble and Ethics Rule
- B. Standard 1
- C. Standard 2
- D. Standards 3 to 10
- E. Statements and Advisory Opinions

Residential Market Analysis and Highest and Best Use - 15 Hours

- A. Residential Markets and Analysis
 1. Market Fundamentals, Characteristics and Definitions
 2. Supply Analysis
 3. Demand Analysis
 4. Use of Market Analysis
- B. Highest and Best Use
 1. Test Constraints
 2. Application of Highest and Best Use
 3. Special Considerations
 4. Market Analysis
 5. Case Studies

Residential Appraiser Site Valuation and Cost Approach - 15 Hours

- A. Site Valuation
 1. Methods
 2. Case Studies
- B. Cost Approach
 1. Concepts and Definitions
 2. Replacement/Reproduction Cost New
 3. Accrued Depreciation
 4. Methods of Estimating Accrued Depreciation
 5. Case Studies

Residential Sales Comparison and Income Approaches - 30 Hours

- A. Valuation Principles & Procedures - Sales Comparison Approach
- B. Valuation Principles & Procedures - Income Approach

- C. Finance and Cash Equivalency
- D. Financial Calculator Introduction
- E. Identification, Derivation and Measurement of Adjustments
- F. Gross Rent Multipliers
- G. Partial Interests
- H. Reconciliation
- I. Case Studies and Applications

Residential Report Writing and Case Studies - 15 Hours

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Form Reports
- D. Report Options and USPAP Compliance
- E. Case Studies

Statistics, Modeling and Finance - 15 Hours

- A. Statistics
- B. Valuation Models (AVM's and Mass Appraisal)
- C. Real Estate Finance

Advanced Residential Market Analysis and Highest and Best Use - 30 Hours

- A. Complex Property, Ownership and Market Conditions
- B. Deriving and Supporting Adjustments
- C. Residential Market Analysis
- D. Advanced Case Studies

General Appraiser Market Analysis and Highest and Best Use - 30 Hours

- A. Real Estate Markets and Analysis
 - 1. Market Fundamentals, Characteristics and Definitions
 - 2. Supply Analysis
 - 3. Demand Analysis
 - 4. Use of Market Analysis
- B. Highest and Best Use
 - 1. Test Constraints
 - 2. Application of Highest and Best Use
 - 3. Special Considerations
 - 4. Market Analysis
 - 5. Case Studies

General Appraiser Sales Comparison Approach - 30 Hours

- A. Value Principles
- B. Procedures
- C. Identification and Measurement of Adjustments
- D. Reconciliation
- E. Case Studies

General Appraiser Site Valuation and Cost Approach - 30 Hours

- A. Site Valuation
 - 1. Methods
 - 2. Case Studies
- B. Cost Approach
 - 1. Concepts and Definitions
 - 2. Replacement/Reproduction Cost New
 - 3. Accrued Depreciation
 - 4. Methods of Estimating Accrued Depreciation
 - 5. Case Studies

General Appraiser Income Approach - 60 Hours

- A. Overview

- B. Compound Interest
- C. Lease Analysis
- D. Income Analysis
- E. Vacancy and Collection Loss
- F. Estimating Operating Expenses and Reserves
- G. Reconstructed Income and Expense Statement
- H. Stabilized Net Operating Income Statement
- I. Direct Capitalization
- J. Discounted Cash Flow
- K. Yield Capitalization
- L. Partial Interests
- M. Case Studies

General Appraiser Report Writing and Case Studies - 30 Hours

- A. Writing and Reasoning Skills
- B. Common Writing Problems
- C. Report Options and USPAP Compliance
- D. Case Studies

4. Experience may not be substituted for education.

5. Instructors who are also licensed or certified appraisers may receive up to one half of their continuing education requirement from instruction of appraisal courses or seminars. Credit for instructing can only be awarded once during a CE cycle.

6. Qualifying Education (QE).

a. Class hours will be credited only for educational offerings with content that follows the required AQB Guidance for Curriculum Content listed in §4.3(A) (3) for each respective classification. Course content requirements may be general or specific to property type. Applicants must take the 15-Hour National USPAP course, or its equivalent, and pass the associated 15-Hour National USPAP Course Examination. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. USPAP qualifying education credit shall only be awarded when the class is instructed by an AQB Certified USPAP Instructor(s) who is also a state certified appraiser.

b. Credit toward QE requirements may also be obtained via the completion of a graduate (masters or doctoral) degree in Real Estate from an accredited college or university approved by the American Association of Collegiate Schools of Business, or a regional or national accreditation agency recognized by the U.S. Secretary of Education, provided that the college or university has had its curriculum reviewed and approved by the AQB. The AQB may maintain a list of approved college or university graduate degree programs, including the Required Core Curriculum and Appraisal Subject Matter Elective hours satisfied by the award of the degree. Candidates for the Trainee, Licensed, Certified Residential or Certified General credential who are awarded graduate degrees from approved institutions are required to complete all additional education required for the credential, in which the approved degree is judged to be deficient by AQB.

c. Class hours may be obtained only where the minimum length of the education offering is at least 15 hours and the individual successfully completes an approved closed-book examination pertinent to that education offering.

d. Courses taken for QE must not be repetitive in nature. USPAP Courses taken in different years are not repetitive.

7. Distance Education to meet Qualifying Education Requirement
For qualifying education, distance education is defined as any educational process based on the geographical separation of learner and instructor. For qualifying education, distance education must provide interaction between the learner and instructor and include testing.

a. Distance education courses may be acceptable to meet the classroom hour requirement, or its equivalent, provided that the course is approved by the Board, the learner successfully completes a written examination proctored by an official approved by the presenting entity, college or university, the course meets the requirements for qualifying education established by the AQB, the course is equivalent to the minimum of 15 classroom hours, and meets one of the following conditions:

1. The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines; or

2. The course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the AQB through the AQB Course Approval Program, or b) the course is approved by the Board.

B. Examination.

1. Each applicant for a license shall successfully pass the appropriate examinations of the AQB approved Uniform State Appraiser Examination. The examination must be successfully completed. There is no alternative to successful completion of the examination.

2. Passage of an examination taken in another jurisdiction may be approved as meeting the examination requirement provided the examination is the AQB approved Uniform State Appraiser Examination.

3. Examinees who fail the 15-hour National USPAP Course Examination are allowed to re-take the examination up to three times without re-taking the course. Each time the examination is re-taken the examinee must be administered a different version (there are three versions) of the examination. After three unsuccessful attempts the examinee must re-take the course.

4. A new applicant not currently licensed or certified and in good standing in another U.S. state or territory, shall have up to December 31, 2014, after approval by the Board, to take and pass an AQB approved qualifying examination for the classification. Successful completion of the examination may be valid for another 24 months after 12/31/14.

C. Experience.

1. Education may not be substituted for experience.

2. The quantitative experience requirements must be satisfied by time spent on the appraisal process. The appraisal process consists of: analyzing factors that affect value; defining the problem; gathering and analyzing data; applying the appropriate analysis and methodology; and arriving at an opinion and correctly reporting the opinion in compliance with USPAP.

3. The verification for experience credit claimed by an applicant shall be on forms prescribed by the Board which should include:

- a. Type of property
- b. Date of report
- c. Address of appraised property
- d. Description of work performed

- e. Number of actual work hours
 - f. The name, signature and license number of the supervising appraiser
4. Hours may be treated as cumulative in order to achieve the necessary number of hours of appraisal experience.
5. Documentation in the form of reports, certifications, or file memoranda, or, if such reports and memoranda are unavailable for good cause, other evidence at the Board's discretion that the work is compliant with USPAP must be provided, if requested, as part of the experience verification process to support the experience claimed.
6. All experience must be obtained after January 30, 1989, and must be USPAP compliant.
7. All applicants must affirm in the application provided by the Board that the hours presented were completed under the supervision of a Licensed Residential or Licensed General Real Property Appraiser for non-federally related transactions or a Certified Residential or Certified General Real Property Appraiser for federally related transactions, depending on the appraiser classification the applicant is applying for.

D. Extension of Time for Active Duty U.S. Military

An applicant in the Reserve components of the US Armed Forces, who was pursuing an appraiser license or certification prior to December 1, 2011, and who was called to active duty between December 1, 2011 and December 31, 2014, may satisfy the qualifications required under the 2008 Criteria for an additional time period after January 1, 2015. The extension of time shall be equal to the applicant's time of active duty, plus 12 months.

E. Compliance with USPAP

Appraisers in all classifications shall perform and practice in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

4.4 Real Property Appraiser Classifications

A. Trainee Real Property Appraiser Classification

The scope of practice for this classification is the appraisal of those properties which the supervising certified appraiser is permitted by his/her current classification and that the supervising appraiser is qualified to appraise. The appraiser trainee shall be entitled to obtain copies of appraisal reports he or she prepared. The supervising appraiser shall keep copies of appraisal reports for a period of five years, or at least two years after final disposition of any judicial proceedings in which testimony was given, whichever period expires last.

1. Qualifying Education

a. As the prerequisite for application, an applicant must have completed 75 creditable class hours as specified below. Additionally, applicants must pass the Core Curriculum examinations and pass the 15-Hour National USPAP course and examination as part of the 75 creditable class hours.

- (A) Basic Appraisal Principles 30 Hours
- (B) Basic Appraisal Procedures 30 Hours
- (C) 15-Hour National USPAP. 15 Hours

b. Qualifying education must have been obtained within the five year period immediately preceding application for licensure.

c. Effective after 1/1/15, both the Trainee Appraiser and Supervisory Appraiser shall be required to complete a course that, at a minimum, complies with the specifications for course content established by the AQB (including existing supervisors if they take on a new trainee after 1/1/15). The course will be oriented toward the requirements and

responsibilities of Supervisory Appraisers and expectations for Trainee Appraiser. The course must be completed by the Trainee Appraiser prior to obtaining a Trainee Appraiser credential, and completed by the Supervisory Appraiser prior to supervising a Trainee Appraiser.

2. Examination

There are no examination requirements for this classification but the trainee shall pass examinations in the prerequisite courses in order to earn credit for core education courses.

3. Experience

No experience is required as a prerequisite for this classification.

4. Training

a. The appraiser trainee shall be subject to direct supervision by a certified appraiser.

b. The supervising appraiser shall be responsible for the training, guidance, and direct supervision of the appraiser trainee by:

- i) Accepting responsibility for the appraisal report by signing and certifying the report is in compliance with USPAP;
- ii) Reviewing and signing the appraiser trainee appraisal report(s); and
- iii) Personally inspecting each appraised property with the appraiser trainee until the supervising appraiser determines the appraiser trainee is competent in accordance with the Competency Rule of USPAP for the property type.

c. The appraiser trainee is permitted to have more than one Supervising Appraiser; however, Supervisory Appraisers may not supervise more than three (3) Trainee Appraisers at one time, unless a state program in the credentialing jurisdiction provides for progress monitoring, supervisory certified appraiser qualifications, and supervision and oversight requirements for Supervisory Appraisers.

d. An appraisal log shall be maintained by the appraiser trainee and shall, at a minimum, include the following for each appraisal:

- i) Type of property
- ii) Date of Report
- iii) Client name and address of appraised property
- iv) A description of the work performed by the trainee or applicant
- v) The scope of the review performed by the supervising appraiser
- vi) The level of supervision performed by the supervising appraiser
- vii) Number of actual work hours by the trainee/applicant on the assignment
- viii) Name, signature and license number of the supervising appraiser

e. The supervising appraiser shall be in good standing within the training jurisdiction, not subject to any disciplinary action within the last three years that affects the Supervisory Appraiser's legal eligibility to engage in appraisal practice. A Supervisory Appraiser subject to a disciplinary action would be considered to be in good standing three years after the successful completion/termination of the sanction imposed against the appraiser.

f. Separate appraisal logs shall be maintained for each supervising appraiser, if applicable.

5. Continuing Education
 - a. Fourteen (14) continuing education hours for each year (28 hours); and
 - b. Successful completion of the 7-hour National USPAP Update Course, at least once every two years. After January 1, 2005, you may not substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP Update course.
6. All appraiser trainees must comply with the Competency Rule of USPAP.

B. Licensed Real Property Appraiser Classification

The Licensed Real Property classification applies to the appraisal of non-complex one to four residential units having a transaction value less than \$1,000,000 and complex one to four residential units having a transaction value less than \$250,000. This classification includes the appraisal of vacant or unimproved land that is utilized for 1-4 family purposes or for which the highest and best use is for 1-4 family purposes. This classification does not include the appraisal of subdivisions for which a development analysis/ appraisal is necessary.

1. Qualifying Education
 - a. Applicants for the licensed real property credential shall successfully complete 30 semester hours of college-level education, from an accredited college, junior college, community college, or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. If an accredited college or university accepts the College-Level Examination Program® (CLEP) and examination(s) and issues a transcript for the exam, showing its approval, it will be considered as credit for the college course. Applicants holding an Associate degree, or higher, from an accredited college, junior college, community college, or university satisfy the 30-hour college-level education requirement.
2. Examination
 - a. The AQB approved Licensed Residential Real Property Appraiser Examination must be successfully completed. The only alternative to successful completion of the Licensed Residential examination is the successful completion of the Certified Residential or Certified General examination.
 - b. The prerequisites for taking the AQB-approved examination are completion of:
 - (1) One hundred fifty (150) creditable class hours as specified in the Required Core Curriculum; and
 - (2) Completion of the college-level education requirements specified in (B) (1) (a) above; and
 - (3) Two thousand (2,000) hours of qualifying experience in no fewer than twelve (12) months.
3. Experience

Two thousand (2,000) hours of appraisal experience are required to be obtained in no fewer than 12 months.
4. Continuing Education
 - a. Fourteen (14) continuing education hours for each year (28 hours); and

b. Successful completion of the 7-hour National USPAP Update Course, at least once every two years. After January 1, 2005, you may not substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP Update course.

5. All licensed appraisers must comply with the Competency Rule of USPAP.

C. Certified Residential Real Property Appraiser Classification

The Certified Residential Real Property classification applies to the appraisal of one to four residential units without regard to transaction value or complexity. This classification includes the appraisal of vacant or unimproved land that is utilized for 1-4 family purposes or for which the highest and best use is for 1-4 family purposes. This classification does not include the appraisal of subdivisions for which a development analysis/ appraisal is necessary.

1. Qualifying Education

a. Applicants for the Certified Residential credential must hold a Bachelor's degree, or higher, from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.

b. The Certified Residential Real Property Appraiser classification requires completion of two hundred (200) creditable class hours as specified in the Required Core Curriculum. As part of the 200 required hours, the applicant shall successfully complete the 15-Hour National USPAP Course, or its AQB-approved equivalent, and the examination. There is no alternative to successful completion of the USPAP Course and examination.

2. Examination

a. The AQB approved Certified Residential Real Property Appraiser Examination must be successfully completed. There is no alternative to successful completion of the examination.

b. The prerequisites for taking the AQB-approved examination are completion of:

(1) Two hundred (200) creditable class hours as specified in the Required Core Curriculum:

(2) Completion of the college-level education requirements specified in (c) (1) (a) above; and

(3) Two thousand five hundred (2,500) hours of qualifying experience obtained in no fewer than twenty-four (24) months.

3. Experience

Two thousand five hundred (2,500) hours of experience obtained during no fewer than twenty-four (24) months is required. While the hours may be cumulative, the required number of months must accrue before an individual can be certified.

4. Continuing Education

a. Fourteen (14) continuing education hours for each year (28) hours; and

b. Successful completion of the 7- hour National USPAP Update Course, at least once every two years. After January 1, 2005, you may not substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP Update course.

5. All certified residential appraisers must comply with the Competency Rule of USPAP.

D. Certified General Real Property Appraiser Classification

This classification applies to the appraisal of all types of real property.

1. Qualifying Education

a. Applicants for the Certified General credential must hold a Bachelor's degree, or higher, from an accredited college or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a national or regional accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.

b. The Certified General Real Property Appraiser classification requires completion of three hundred (300) creditable class hours as specified in the Required Core Curriculum. As part of the 300 required hours, the applicant shall successfully complete the 15-Hour National USPAP Course, or its AQB-approved equivalent, and the examination. There is no alternative to successful completion of the USPAP Course and examination.

d. Applicants must demonstrate that their education includes core courses listed above, with particular emphasis on non-residential properties.

2. Examination

a. The AQB approved Uniform State Certified General Real Property Appraiser Examination must be successfully completed. There is no alternative successful completion of the examination.

b. The prerequisites for taking the AQB-approved examination are completion of:

(1) Three hundred (300) creditable class hours as specified in the Required Core Curriculum;

(2) Completion of the college-level education requirements specified in (D) (1) (a) above; and

(3) Three thousand (3,000) hours of qualifying experience obtained in no fewer than thirty (30) months, where a minimum of 1,500 hours must be obtained in non-residential appraisal work.

3. Experience

Three Thousand (3,000) hours of experience obtained during no fewer than thirty (30) months is required, of which, 1,500 hours must be in non-residential appraisal work. While the hours may be cumulative, the required number of months must accrue before an individual can be certified.

4. Continuing Education

a. Fourteen (14) continuing education hours for each year (28) hours; and

b. Successful completion of the 7- hour National USPAP Update Course, at least once every two years. After January 1, 2005, you may not substitute the 15-hour National USPAP course or its equivalent for the 7-hour National USPAP Update course.

5. All certified residential appraisers must comply with the Competency Rule of USPAP.

E. Licensure by Reciprocity.

The Board may grant a license to a person to practice as a real property appraiser by reciprocity if:

1. The person holds an active, valid license for real property appraisal in another U.S. state or territory for the real property classification he/she is applying for;
2. The person is coming from a state or U.S. territory that is "in compliance" with Title XI as determined by the ASC; and
3. The licensure requirements in the jurisdiction of the applicant meet or exceed the requirements in these regulations.

4.5 Approved Course Providers

A. Colleges, universities and community and junior colleges accredited by the Commission on Colleges, or a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education.

B. Real property appraiser or real estate related organizations, proprietary schools, and others shall be approved provided that the course provider have obtained approval of their course(s) with AQB.

4.6 Continuing Education (CE)

The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his/her skill, knowledge and competency in real property appraising.

A. The equivalent of fourteen (14) class hours of instruction in courses or seminars for each year during the period preceding the renewal is required. (For example, a two-year licensing term would require twenty-eight (28) hours). These hours may be obtained anytime during the two-year term.

B. Credit towards the continuing education hour requirements for each appraiser classification may be granted only where the length of the educational offering is at least two hours.

C. Credit for the class hour requirement may be obtained only from the following institutions:

- a. Colleges or Universities
- b. Community or Junior Colleges
- c. Real Estate Appraisal or Real Estate Related Organizations
- d. State or Federal Agencies or Commissions
- e. Proprietary Schools
- f. Providers approved by the Board
- g. AQB approved course providers

D. Credit may be granted for educational offerings that are consistent with the purpose of continuing education and cover those real property related appraisal topics, including, but not limited to:

- a. Ad Valorem Taxation;
- b. Arbitration, dispute resolution;
- c. Courses related to the practice of real estate appraisal or consulting;
- d. Development cost estimating;
- e. Ethics and standards of professional practice, USPAP;
- f. Land use planning, zoning;
- g. Management, leasing, timesharing;
- h. Property development, partial interests;
- i. Real estate law, easements, and legal interests;
- j. Real estate litigation, damages, condemnation;
- k. Real Estate financing and investment;
- l. Real estate appraisal related computer applications; and/or
- m. Real estate securities and syndication

E. Appraisers must successfully complete the 7-Hour National USPAP Update Course, or its equivalent, every two calendar years. Equivalency shall be determined through the AQB Course Approval Program or by an alternate method established by the AQB. USPAP continuing education credit shall only be awarded when the class is instructed by *at least one* AQB Certified Instructor(s) who is also a state certified appraiser. Individuals who are licensed in more than one jurisdiction shall not have to take more than one 7-Hour National USPAP Update Course within a two calendar year period for the purposes of meeting AQB criteria.

F. Qualifying education courses are acceptable as continuing education courses as long as they are not a duplicate.

G. Aside from complying with the requirements to complete the 7-Hour National USPAPA Update Course, or its equivalent, appraisers may not receive credit for completion of the same continuing education course offering within an appraiser's continuing education cycle.

H. The Board, in its discretion, may require the completion of an examination at the end of any continuing education course.

I. Up to one half of an individual's continuing education requirement may also be granted for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities that are determined to be equivalent to obtaining continuing education. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.

J. Educational offerings taken by an individual in order to fulfill the class hour requirements for a different classification than his/her current classification may be simultaneously counted towards the continuing education requirement of his/her classification.

K. Continuing education credit hours in excess of the twenty-eight (28) continuing education hours for every two year renewal period shall not be credited to satisfy continuing education hours for the next two year renewal period.

L. As a prerequisite to renewal of a license, a real property appraiser shall present satisfactory evidence of having met the continuing education requirements.

M. Distance Education to meet Continuing Education Requirement

For continuing education, distance education is defined as any educational process based on the geographical separation of learner and instructor.

a. Distance education courses may be acceptable to meet the continuing education requirement provided that the course is approved by the Board, the course is a minimum of 2 classroom hours and meets the requirements for continuing education courses established by the AQB, and meets one of the following conditions:

1. The course is presented to an organized group in an instructional setting with a person qualified and available to answer questions, provide information, and monitor student attendance; or

2. The course is presented by an accredited (Commission on Colleges or a regional accreditation association) college or university that offers distance education programs in other disciplines and the student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or

3. The course has received approval of the International Distance Education Certification Center (IDECC) for the course design and delivery mechanism and either a) the approval of the AQB through the AQB Course Approval Program, or b) the course is approved by the Board and the student successfully completes a written examination proctored by an official approved by the presenting college or university or by the sponsoring organization consistent with the requirements of the course accreditation; or if a written examination is not required, the student successfully completes the course mechanisms required.

PART V. APPRAISERS-NON-FEDERALLY RELATED TRANSACTIONS

5.1 Education/Experience Requirements for Non-Federally Related Transactions. Applicants must meet the following requirements for licensing as a CNMI Licensed Real Property Appraiser, Non-Federally Related Transactions or CNMI Licensed General Real Property Appraiser, Non-Federally Related Transactions or for renewal:

A. Licensed Real Property Appraiser, Non-Federally Related Transactions - includes the appraisal of vacant or unimproved land of one to four residential units. This classification does not include the appraisal of subdivisions wherein a development appraisal is necessary and utilized. This appraiser is not qualified under the law and these regulations to perform federally related real property transactions. At least 50% of the experience claimed must have been in major residential appraisal work.

B. Licensed General Real Property Appraiser, Non-Federally Related Transactions - This classification requires that at least 50% of the experience claimed must have been in non-residential appraisal work and can do appraisals of all real estate transactions without regard to transaction value or complexity. This appraiser is not qualified under the law and these regulations to perform federally related real property transactions.

C. Education and Experience

1. One Hundred (100) class hours in courses related to real estate appraisal with six (6) years experience as an appraiser; or

2. An AA in Business Administration with seventy-five (75) classroom hours in courses related to real estate appraisal with (4) years experience as an appraiser; or

3. A Bachelor's degree or higher with fifty (50) class hours in courses related to real estate appraisal and two (2) years experience as an appraiser.

D. All applicants must take and pass the local appraisal examination approved by the Board. The examination shall be based upon recognized appraisal standards, to be selected and administered by the Board pursuant to its rulemaking power.

E. To verify appraisal experience as required in Section (C), the applicant must submit at least one appraisal report he or she has written for each of the required years of experience above mentioned.

PART VI. APPLICATION

6.1 Application for Licensure. Application for licensure shall be made under oath or under penalty of perjury as permitted under CNMI law on a form to be furnished by the Board. The form may require the applicant to provide:

A. The applicant's full name;

B. A statement that the applicant has attained the age of majority (18);

C. The applicant's current business or mailing address or publication, and the applicant's current resident address;

- D. The applicant's social security number;
- E. The applicant's employment history during the five years preceding the date of the filing of the application, with names and addresses of each employer;
- F. Police clearance from a U.S. state or territory or foreign jurisdiction where licensed or presently or formerly residing shall be furnished as a condition to apply for a license;
- G. The date and place of any conviction of felony or any crime in any way related to any appraisal practice;
- H. Information regarding any disciplinary proceedings or disciplinary actions taken by any jurisdiction;
- I. A designation in writing appointing the Board to act as the applicant's agent upon whom all judicial and other process or legal notices directed to the applicant may be served. The applicant shall agree that service upon the Board shall have the same legal force and validity as if personally served upon the applicant when such judicial or other process or legal notice is related directly or indirectly to a license issued by the Board. This procedure is for informational purposes only and is not intended to be, and of itself does not constitute, valid, legal service upon the licensee who must be served on a basis consistent with applicable CNMI laws, rules, regulations and/or Rules of Court. The Board shall immediately forward such judicial or other process or legal notice to the licensee by the mailing of such document certified mail, return receipt requested, to the last address which the licensee has provided to the Board. The Board's compliance with the notification requirement as provided herein shall conclude the Board's liability and notification responsibility of the licensee.
- J. A photograph of the applicant for identification purposes;
- K. Any other information the Board may require to investigate the applicant's qualifications for licensure.

6.2 Supporting Documents Required. Every applicant shall furnish the following with the application:

- A. The appropriate fees;
- B. Proof that the applicant has met the educational, examination, and experience requirements;
- C. Notarized statement of experience or under penalty of perjury as permitted by applicable CNMI law;
- D. Three references from lenders or other individuals who have had dealings relating to the applicant's appraisal assignments attesting to the applicant's experience and reputation for honesty, truthfulness, fairness, and financial integrity;
- E. Proof that the applicant is a CNMI or United States citizen or a non-U.S. citizen authorized to work in the CNMI: and
- F. If requested, appraisal reports or file memoranda.
- G. Other additional information as the Board from time to time deems appropriate or necessary.

6.3 Reputation for Honesty, Truthfulness, Fairness and Financial Integrity. Applicant shall demonstrate, as set forth in 6.2 (D) that the applicant possesses a good reputation for honesty, truthfulness, fairness and financial integrity.

- 6.4 Issuance of License.** The CNMI appraiser license shall be issued upon the applicant meeting all appropriate requirements and must be renewed as required by the CNMI law and provided herein every two years from the date of issuance or renewal.
- 6.5 License.** A CNMI license shall only be issued to individuals and the license shall not be transferable.
- 6.6 Filing of Current Address.** Every licensee shall provide written notice to the Board of any changes of the licensee's mailing, business, or residence address within ten days of the change. Any requirements that the Board provide notice to licensed appraisers shall be deemed met if notice is sent to the address on file with the Board.
- 6.7 Responsibility of Applicant to Furnish Information and Documentation.** It shall be each applicant's responsibility to furnish the information and documents requested. In the event of any change of information provided, the applicant shall notify the Board in writing within thirty days of any change.
- 6.8 Signing and Verification of Application.** Every application and all references shall be signed and notarized or signed under penalty of perjury as permitted by applicable CNMI law by the applicant or the person attesting to the experience and reputation of the applicant.
- 6.9 Application for Temporary Practice.** Application for a temporary license will be processed and issued within five (5) business days after receipt of a complete application for a temporary license.
- 6.10 Application for Certified Real Property Appraiser, Federally Related Transactions from Licensed Real Property Appraiser, Federally Related Transaction.**
- A. An individual holding a current real property appraiser, federally related transaction license may apply for certified real property appraiser, federally related transactions status upon submittal of the following:
1. Certified Residential Real Property Appraiser:
 - (a) appropriate fees;
 - (b) proof that the applicant has satisfy the college-level educational requirements as specified in 4.4(C) (1) (a) or (b) and the 200 class hours as specified in 4.4(C) (1) (c) which may include the 150 class hours requirements for licensed classification which shall include the 15 hour National USPAP Course and examination and successful completion of the AQB approved Uniform State Certified Residential Appraiser Examination; and
 - (c) proof that the applicant has performed at least 2,500 hour of major residential appraisal work obtained within no less than 24 months.
 2. Certified General Real Property Appraiser:
 - (a) appropriate fees;
 - (b) proof that the applicant has satisfy the college-level educational requirements as specified in 4.4(D) (1) (a) or (b) and the 300 class hours as specified in 4.4(D) (1) (c) which may include the 150 class hours requirement for the licensed classification and/or the 200 class hours requirement for the certified residential classification which shall include the 15-hours National USPAP Course and examination and successful completion of the AQB approved Uniform State Certified General Appraiser Examination; and

(c) proof that the applicant has performed at least 3,000 hours of appraisal experience obtained during no fewer than 30 months, of which 1,500 hours must be in non-residential appraisal work.

B. Credit awarded for the continuing education requirement may also be awarded for the class hour requirement when an individual seeks a different classification than that held, provided the education offering meets the criteria established for the class hour and continuing education requirements.

6.11 Criminal Conviction. When an applicant has been convicted of felony or a crime related to the appraisal profession the Board may request the following documents from the applicant: copies of any court records, orders, or other documents that state the facts and statutes upon which the applicant was convicted, the verdict of the court with regard to that conviction, the sentence imposed, and the actual terms of the sentence.

6.12 Denial or Rejection of Application.

A. An application for issuance of a license shall be denied when an application is insufficient or incomplete or when an applicant has failed to provide satisfactory proof that the applicant meets the requirements hereunder. In addition, the Board may deny issuance of a license:

1. When the applicant is known to have committed any of the acts for which a license may be suspended or revoked hereunder.
2. If the applicant fails to demonstrate that the applicant possesses a good reputation for honesty, truthfulness, fairness and financial integrity; or
3. If the applicant has had disciplinary action taken by any jurisdiction, including any federal or state regulatory body.

B. An applicant shall be automatically rejected and the applicant shall be denied licensure when the applicant, after having been notified to do so:

1. Fails to pay the appropriate fees within sixty days from notification; or
2. Fails to submit, after notification, any of the information or documentation requested to comply with any of the requirements for licensure within sixty days of notification.

C. Any application which has been denied or rejected shall remain in the possession of the Board and shall not be returned.

D. An applicant, whose application has been denied or rejected, may file for an administrative hearing as provided under applicable law and regulations.

6.13 Term. All licenses expires two years following its issuance or renewal and becomes invalid after that date unless renewed.

PART VII. TEMPORARY PRACTICE

7.1 Temporary License. The Board may grant a temporary license to a person who desires to practice on a temporary basis, provided that such person is legally qualified and licensed in his or her jurisdiction and that his/her qualifications for obtaining the license meet those required for licensure by this Board and further provided that:

- a) The person's business is of a temporary nature; and
- b) The appraiser applies for the temporary license.

A. A temporary license shall be used to appraise only one assignment which length of time not to exceed one year and shall provide that there is no right to practice real property appraisal with respect to any other works not set forth in the temporary license.

B. A temporary license may be extended but only for the purpose of completing the specific job for which the original temporary license was issued.

7.2 Requirements.

A. Application for licensure for temporary practice shall be made under oath or under penalty of perjury as permitted under CNMI law on a form to be furnished by the Board. The form may require the applicant to provide items above mentioned, and in addition, the applicant shall:

(a) Submit evidence of current license from the other jurisdiction;

(b) Submit a copy of the contract for appraisal services that requires the applicant to appraise real property in the CNMI and certify that such contract is in full force and effect;

(c) Certify that disciplinary proceedings are not pending against the applicant in any jurisdiction;

(d) Agree, in writing, to conform with all the provisions of these regulations; and

(e) File a designation in writing appointing the Board to act as the applicant's agent upon whom all judicial and other process or legal notices directed to the applicant may be served. The applicant shall agree that service upon the Board shall have the same legal force and validity as if personally served upon the applicant when such judicial or other process or legal notice is related directly or indirectly to a license or certificate issued by the Board. The Board shall immediately forward such judicial or other process or legal notice to the licensee by the mailing of such document certified mail, return receipt requested, to the last address which the licensee has provided the Board. The Board's compliance with the notification requirement as provided herein shall conclude the Board's liability and notification responsibility of the licensee.

PART VIII. RENEWAL

8.1 Date of Filing for Renewal. A renewal notice shall be mailed by the Board a month before the expiration date to appraisers whose license is expiring. All licensed appraisers shall request in writing to the Board if they wish to renew their license and must submit proof of the required completed continuing education hours and the renewal fee on or before the date of expiration. The required documents with the renewal fee sent by United States mail shall be considered timely filed if the envelope bears a postmark no later than the date of expiration.

8.2.1 Failure to Renew. The failure to timely renew the license, pay the applicable fees, submit the required continuing education hours, or paying fees with a check which is dishonored upon first deposit shall cause the license to be automatically invalid.

8.3 Reinstatement of an Invalid License.

A. Licenses which have expired for failure to renew on or before the date herein above required may be reinstated within one year of the expiration date provided the applicant pays the appropriate fees, and submits all continuing education hours that would have been required had the licensee maintained licensure.

B. Each individual whose license has expired and lapsed for more than one year by failure to renew must file a new application, meet current requirements and receive board approval for licensure.

8.4 Board May Refuse to Renew or Reinstate License.

A. The Board may refuse to renew or reinstate a license for failure or refusal of the licensee:

1. To properly complete or timely submit the renewal application form and submit all fees and required documentation;

2. To maintain a good reputation for honesty, truthfulness, fairness and financial integrity;
3. To meet and maintain the conditions and requirements necessary to qualify for the issuance of the license; or
4. To comply with the law and these regulations.

B. An applicant, whose application has been refused by the Board to be renewed or reinstated for the above reasons may file for an administrative hearing as provided by law.

8.5 Inactive Status.

A. A license may be placed on an inactive status upon notification to the Board by the licensee in writing of the effective date of inactivation and payment of an inactive fee.

B. A licensee on inactive status shall be considered as unlicensed or uncertified.

C. Failure to reactivate a license on inactive status after two years shall render the license null and void and appraiser must apply as a new applicant and meet current licensing requirements.

D. Misrepresentation of inactive status on the practice of real property appraisal shall be grounds for disciplinary action.

8.6 Requirements to Reactivate.

A. An inactive licensee may apply for reactivation upon payment of all fees due owing from time of inactivity and proof of completion of all continuing education hours the applicant would have had to submit if the applicant has maintained licensure from the date of inactivation.

B. Failure to meet the requirements for reactivation shall require a person desiring licensure to apply as a new applicant.

PART IX. SCOPE OF APPRAISERS

9.1 Supervision of Appraiser Trainees. Certified appraisers may directly supervise appraiser trainees provided:

A. The appraiser trainee is a bona fide employee of the Certified appraiser, or an employee of the same entity who employs the Certified appraiser; and

B. The licensed appraiser signs the report attesting the acceptance of the appraisal as being independently and impartially prepared and in compliance with the USPAP.

9.2 Use of Terms "Licensed Appraiser", and "Certified Appraiser".

A. The terms "licensed real property appraiser," "certified residential real property appraiser", and "certified general real property appraiser" for federally related transactions and "licensed real property appraiser", and "licensed general real property appraiser" for non-federally related transactions, may only be used to refer to an individual who is licensed, federally or non-federally related transactions, as the case may be, under these regulations and may not be used following, or immediately in connection with, the name or signature of a corporation, partnership, association, or any group practice, or in any manner that might be interpreted as referring to anyone other than the individual who is licensed.

B. This requirement shall not be construed to prevent a licensee from signing an appraisal report on behalf of a corporation, partnership, association, or any other group practice if it is clear that only the individual is licensed and the corporation, partnership, association or group practice is not.

C. No person may assume or use the title "licensed real property appraiser", "certified residential real property appraiser", and "certified general real property appraiser" for federally related transactions, or "licensed real property appraiser", and licensed general real property appraiser" for non-federally related transactions, as the case may be, or any title designation or abbreviation likely to create the impression of licensure unless that person holds a current license hereunder.

9.3 Real Estate-Related Financial Transactions Not Requiring Appraisal by a Licensed or Certified Appraiser. An appraisal performed by a Licensed or Certified appraiser (federally related transaction) is not required for any real property-related financial transaction in which:

A. The transaction value is at or below the de minimus level established by a federal financial institutions regulatory agency;

B. A lien on real property has been taken as collateral solely through an abundance of caution and where the terms of the transaction as a consequence have not have been more favorable than it would have been in the absence of the lien;

C. Real property is leased unless the lease is the economic equivalent of a purchase or sale of the leased real property;

D. There is a renewal of an existing transaction in which the maturity and amortization of the obligation are intentionally mismatched for re-pricing or credit quality consideration, provided that:

1. The borrower has performed satisfactorily according to the original terms;
2. No new monies have been advanced;
3. The credit standing of the borrower has not deteriorated; and
4. There has been no obvious and material deterioration in market conditions or physical aspects of the property which would threaten the institution's collateral protection.

E. A regulated institution purchases a loan or interest in a loan, pooled loan, or interests in real property, including mortgage-backed securities, provided that the appraisal prepared for each pooled loan or real property interest met the appraisal requirements under Federal law, if applicable, at the time of origination.

9.4 Non-Applicability to Real Estate Brokers or Real Estate Salespersons.

These regulations shall not apply to a real estate broker or salesperson, who, in the ordinary course of the real estate broker's or salesperson's business, gives an opinion as to the recommended listing price of real property or an opinion to a potential purchaser or third party as to the recommended purchase price of real estate, provided:

A. The opinion as to the listing or the purchase price shall not be referred to as an appraisal;

B. No compensation, fee, or other consideration is charged for such opinion other than the normal brokerage fee rendered in connection with the sale of the property; or

C. No misrepresentation is made that the real estate broker or salesperson is a Certified or Licensed real property appraiser.

PART X. APPRAISAL STANDARDS

10.1 Appraisal Standards

- A. For real property related financial transactions at or above the de minimus level established by a federal agency or government sponsored enterprise, all appraisals shall be performed by a Licensed or Certified appraiser and shall:
- (a) Perform and practice in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), as amended;
 - (b) Be based upon the definition of market value as defined in these regulations;
 - (c) Be written and be sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate; and provide detail and depth of analysis that reflect the complexity of the real property appraised which can be readily understood by a third party;
 - (d) Analyze and report in reasonable detail any prior sales of the property being appraised that occurred within the following minimum time periods:
 - i) For one-to-four family residential property, one year preceding the date when the appraisal was prepared; or
 - ii) For all other property, three years preceding the date when the appraisal was prepared.
 - (e) Analyze and report data on current rents and current vacancies for the subject property if it is and will continue to be income-producing;
 - (f) Analyze and report data on current revenues, expenses and vacancies for the subject property if it is and will continue to be income producing;
 - (g) Analyze and report a reasonable marketing period for the subject property and disclose the assumptions used;
 - (h) Analyze and report on current market conditions and trends such as, but not limited to increasing vacancy rates, greater use of rent concessions, or declining sales prices that will affect projected income of the absorption period, to the extent they affect the value of the subject property;
 - (i) Analyze and report appropriate deductions and discounts for any proposed construction, or any completed properties that are partially leased or leased at other than market rents as of the date of the appraisal, or any tract developments with unsold units;
 - (j) Include in the certification required by the USPAP, an additional statement that the appraisal assignment was not conditioned upon the appraisal producing a specific value or a value within a given range or on whether a loan application is approved;
 - (k) Contain sufficient supporting documentation with all pertinent information reported including acceptance or rejection of a third party study and its impact on value so that the appraiser's logic, reasoning, judgment, and analysis in arriving at a final conclusion will enable the reader to understand the reasonableness of the conclusion;
 - (l) Include a legal description in addition to, and not in lieu of, the description required in the USPAP of the real property being appraised;
 - (m) Identify and separately value any personal property, fixtures, or intangible items that are not real property but are included in the appraisal, and discuss the impact of their inclusion, or exclusion, on the estimate of the market value ;and
 - (n) Follow a reasonable valuation method that addresses the direct sales comparison, income, and cost approaches to market value, reconciles those approaches, and explains the elimination of each approach not used.

B. If information required or deemed pertinent to the completion of an appraisal is unavailable, that fact shall be disclosed and explained in the appraisal report.

C. An appraiser shall perform all appraisals, reviews, or consultations with impartiality, objectivity, and independence, without any direct or indirect interest in the property.

10.2 Signature and Signed Certification on Appraisal Reports.

A. If an appraisal report is prepared and signed by CNMI Licensed appraiser, the appraisal report shall state, immediately following the signature on the report, "CNMI Licensed Appraiser" and the appraiser's license number and expiration date.

B. If an appraisal report is prepared and signed by a CNMI Certified appraiser, the appraisal report shall state, immediately following the signature on the report, "CNMI Certified Appraiser" and the appraiser's license number and expiration date.

C. Appraisal reports prepared by an appraiser trainee shall be approved and signed by a certified appraiser.

D. USPAP requires that each written or electronic report include a signed certification. An appraiser who signs any part of the report must also sign the certification.

10.3 Records and Appraisal Report Retention Requirement.

A. Every licensed appraiser shall retain originals or true copies of appraisal contracts, appraisals, and all supporting data and documents for a period of five years.

B. The five-year period shall commence upon date of delivery of the appraisal report to the client, provided that; if the appraiser is notified that the appraiser or appraisal report is involved in litigation, the five-year period shall commence upon the date of the final disposition of the litigation.

C. The appraiser shall make all records available, upon request, to the Board or the Board's authorized delegate.

PART XI. ADVERTISING PRACTICES

11.1 Advertising Practices. A licensee advertising through any media shall be identified as a Licensed Real Property Appraiser - Federally Related Transactions, Certified Residential Real Property Appraiser - Federally Related Transactions, Certified General Real property Appraiser - Federally Related Transactions, Licensed Real Property Appraiser - Non-Federally Related Transactions, or Licensed General Real Property Appraiser - Non-Federally Related Transactions by listing the appropriate designated licensed or certified status and the appraiser's license number. For purposes of this section, "media" includes, but is not limited to, newspapers, magazines, calling cards, and directories, including all listing in telephone directories.

PART XII. DISCIPLINARY ACTION: REPRIMAND, SUSPENSION OR REVOCATION; REFUSAL TO ISSUE, RESTORE OR RENEW; PLACE ON PROBATION OR CONDITIONING OF LICENSE

12.1 Grounds for Disciplinary Action

(a) The Board shall have the power to impose administrative penalty and/or reprimand, revoke or suspend, refuse to issue, restore or renew; place on probation or condition in any manner the license to any real property appraiser who is found guilty of one or more of the following violations:

1. The practice of any fraud or deceit in obtaining or attempting to obtain or renew the license; or

2. Any negligence, incompetence or misconduct in the practice of real property appraisal; or
3. Failing to comply with the Uniform Standards of professional Appraisal Practice, as amended: or
4. Performing for any valuable consideration, an appraisal assignment that is contingent upon the appraiser reporting a predetermined estimate, analysis or opinion or upon the opinion, conclusion, or valuation reached, or upon the consequences resulting from the appraisal assignment; or
5. Conviction of, or pleading nolo contendere to any felony or any crime that is related to the profession either in the Commonwealth, U.S. state or territory, or foreign jurisdiction; or
6. Entrance against the appraiser of a civil or criminal judgment on grounds of fraud, misrepresentation, or deceit in the development or communication of an appraisal; or
7. Engaging in dishonorable, unethical or unprofessional conduct of a character likely to mislead, deceive, defraud or harm the public; or
8. Accepting an appraisal assignment if the employment or fee is contingent upon:
 - (i) The appraiser reporting a predetermined estimate, valuation, analysis, or opinion; or
 - (ii) The consequences resulting from the appraisal assignment.
9. Paying a finders or a referral fee to a person who is not a licensed appraiser or in connection with appraisal of real property in the Commonwealth; or
10. Making a false or misleading statement in that portion of a written appraisal report that deals with professional qualifications; or
11. Practicing or offering to practice real property appraisal without a valid license issued by the Board; or
12. Engaging in the business of real property appraisal under an assumed or fictitious name not properly licensed; or
13. Using or attempts to use as his or her own the license of another; or
14. Using or attempts to use an expired, suspended or revoked license; or
15. Aiding or assisting another person in violating any provision of the law or the rules and regulations pertaining thereto; or
16. Violating any conditions or limitations upon which the license was issued; or
17. Failure to provide information requested by the Board as a result of a formal or informal complaint to the Board which would indicate a violation of the law or the rules and regulations; or
18. Providing false testimony or information to the Board; or
19. Failing to report to the Board, in writing, any disciplinary action issued against the licensee in another U.S. state or territory, or foreign jurisdiction; or

20. Using the title "Licensed Real Property Appraiser", "Licensed General Real Property Appraiser" for non-federally related transactions; or "Licensed Real property Appraiser", "Certified Residential Real Property Appraiser", or "Certified General Real Property Appraiser" for federally related transactions, or any title, sign, card or device to indicate that such person is practicing the profession without having first being licensed in accordance with the law or the rules and regulations; or

21. Failure to comply with any provisions of the law or the rules and regulations pertaining thereto.

(b) Upon conviction in a court of law, any person or firm who violates any of the provisions of this Chapter or the rules and regulations promulgated hereunder, shall be fined not more than \$5,000 or imprisoned not more than one year, or both.

12.2 Disciplinary Proceedings

(a) Complaint

Proceedings to levy a fine upon a licensee, or to reprimand, suspend, refuse to issue, restore or renew, or to revoke a license may be initiated by any person who may file charges against the licensee.

A. All charges filed must be made in writing by the person or persons making them and shall be filed with the Board.

B. All charges shall be made on forms provided by the Board. The person or persons making the complaint shall sign the complaint.

(b) Probable Cause

When a complaint is received by the Board in which a licensee is charged with a violation, it is referred to an investigative committee designated by the Board consisting of at least one board member and the Board's legal counsel. The member of the Board in the investigative committee cannot vote at the disciplinary hearing. The investigative committee makes a recommendation to the Board for a determination if probable cause exists for taking further action or for issuing a summons and complaint.

© Summons and Complaint

A. In the event the Board determines that probable cause exists, the Board's legal counsel is requested to prepare a summons and complaint.

B. The summons and complaint shall show the time, place, and nature of the hearing, a statement of legal authority and jurisdiction under which the hearing is to be held, a reference to the particular section of the statute, rules, or regulations involved, and a short and plain statement of the matters asserted. The summons and complaint shall indicate that at any hearing the accused licensee shall have the right to appear in person or by counsel or both to cross-examine witnesses in his/her defense and to produce evidence and witnesses for his/her its own defense.

C. The summons and complaint shall be personally served or sent by registered mail at least thirty (30) days before the date fixed for the hearing to the licensee's last known address.

D. If the accused licensee fails or refuses to appear, the Board may proceed to hear and determine the validity of the charges.

(d) Until an investigation is completed and administrative charges are filed against the licensee, or the matter is referred to the attorney general for criminal prosecution, any and all matters related to the allegation(s) including the name(s) of the party filing such charges, shall be confidential and exempt from disclosure to the public pursuant to applicable law including, but not limited to P. L. 8-41, the Open Government Act of 1992.

(e) The Board shall conduct all hearings pursuant to 1 CMC, Section 9109, Administrative Procedures - Conduct of Hearings.

- (f) The members of the Board presiding at hearings may:
1. Administer oaths and affirmations;
 2. Issue subpoenas to compel the attendance of witnesses and the production of records and documents;
 3. Rule on offers of proof and receive relevant evidence;
 4. Take depositions or have depositions taken when the ends of justice would be served;
 5. Regulate the course of the hearing;
 6. Hold conferences for the settlement or simplification of the issues by consent of the parties;
 7. Dispose of procedural requests or similar matters; and
 8. Make or recommend orders or decisions in accordance with the law, rules, or regulations.

(g) It shall require a unanimous majority vote of the members of the Board present at the hearing in order to find the accused guilty of the charges preferred, and if found guilty the Board may, in its discretion, either suspend or revoke the license of the accused.

(h) The Board shall upon concluding the hearing, issue findings, decisions and orders within 30 days.

12.3 Disciplinary Action.

(a) If the accused is found guilty, he/she shall be subject to the following:

- (1) refusal or denial of license or certificate;
- (2) suspension;
- (3) revocation;
- (4) license or certificate with conditions and/or probation;
- (5) fine or civil penalty;
- (6) dismissal of the charges;
- (7) other discipline as appropriate and permitted by law.

(b) The Board shall provide that upon concluding the hearing, findings, decisions and order shall be issue within 30 days.

(c) Upon failure or refusal to comply with such order of the Board, or upon failure to honor its subpoena, as herein provided, the Board may apply to a court of any jurisdiction to enforce compliance with same.

PART XIII. REINSTATEMENT OF LICENSE

13.1 Reinstatement of Suspended License. A person whose license has been suspended may apply for reinstatement of the license upon complete compliance with any term or condition imposed by the order of suspension. The application for reinstatement shall be accompanied by the appropriate fees, application, required continuing education hours, and/or any other additional documents or information the Board deems appropriate.

13.2 Revoked License. Upon the expiration of at least two years from the effective date of the revocation of the license, a person may apply for a new license by filing an application and complying with all current requirements for new applicants. The granting or denying of such application shall be at the discretion of the Board after evaluating such application consistent with the statutory and regulatory requirements relating thereto.

13.3 Relinquishment No Bar to Jurisdiction. The forfeiture, non-renewal, surrender, or voluntary relinquishment of a license by an appraiser shall not bar jurisdiction by the Board to proceed with any investigation, action, or proceeding against the appraiser to revoke, suspend, condition or limit the appraiser's license.

13.4 Judicial Review. Any person aggrieved by a final decision and order of the Board in a contested case is entitled to judicial review thereof according to law.

PART XIV. UNAUTHORIZED PRACTICE AS AN APPRAISER

14.1 No Compensation for Unauthorized Activity; Civil Action. The failure of any person to maintain a current and valid license prior to engaging in any activity requiring licensure by the Board shall prevent such person from recovering in a civil action for work or services performed on a contract or on any legal basis to recover the reasonable value thereof.

PART XV. PUBLICATION OF ROSTER

15.1 Publication of Roster. The Board shall prepare annually, a roster showing the name and place of business of each individual holding a license as a CNMI Licensed appraiser or a CNMI Certified appraiser. The roster shall be sent to the Appraisal Subcommittee by January 15 of each year.

PART XVI. FEES

16.1 Fees. The fees for licensure shall be as follows:

- A. Application Fee \$100.00
- B. Licensure Fee \$100.00
- C. Registry Fee (2-year period at \$40 per year). \$ 80.00
(to be transmitted to the Appraisal Subcommittee)
- D. Temporary Practice Application & License Fee \$125.00
- E. Renewal Fee \$100.00
- F. Inactive Fee \$50.00
- G. Reactivation Fee \$100.00
- H. Reinstatement Fee \$100.00
- I. Examination Fee shall be as provided by contract with a professional testing organization.
- J. Local Examination Fee \$100.00
- K. Delinquent Fee (every month). \$ 25.00

The application fees shall be nonrefundable. The registry fees may be increased if the Appraisal Subcommittee so informs the Board of the increase, and may be imposed on licensees without notice. Failure to pay an increase of the registry fee within sixty days of notification to do so shall result in license automatically invalid.

16.2 Form of Fee. The fees, if in the form of money order or check, shall be made payable to the CNMI Treasurer.

16.3 Dishonored Checks Considered Failure to Meet Requirements.
The dishonoring of any check upon first deposit shall be considered a failure to meet requirements.

16.4 Fees Deposited; Transmittal Appraisal Subcommittee
A. All fees shall be deposited in the general fund of the CNMI.
B. The registry fees shall be transmitted by the Board to the Appraisal Subcommittee bi-annually as required by regulations.